GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3767
ANSWERED ON:24.03.2017
Regional Rural Banks
Godse Shri Hemant Tukaram

Will the Minister of FINANCE be pleased to state:

(a) whether the Government proposes to recapitalise the Regional Rural Banks (RRBs) to improve their viability;
(b) if so, the details thereof; and
(c) the time by which RRBs are likely to be recapitalised by the Government?

Answer

Minister of State in the Ministry of Finance

(a) to (c): As per the norms stipulated by Reserve Bank of India (RBI), Regional Rural Banks (RRBs) are required to maintain Capital to Risk-weighted Assets Ratio (CRAR) of 9% on continuous basis.

With a view to bring the Capital to Risk weighted Assets Ratio (CRAR) of RRBs to at least 9%, Dr. K C Chakrabarty Committee, inter-alia, recommended recapitalization support to the extent of Rs.2,200 crore to 40 RRBs in 21 States, to be shared by the stakeholders in proportion to their shareholding in RRBs i.e. 50% by the Central Government, 15% by the State Government and 35% by the concerned sponsor banks. After approval of the Cabinet, the recapitalisation process of RRBs started in 2010-11. Upto 31.3.2014, an amount of Rs.1086.70 crore was released to 39 RRBs .
The Scheme was extended further for next three years beyond 2013-14 i.e. upto 2016-17.

During 2015-16, Rs. 15 crore was disbursed to three RRBs. In 2016-17, an amount of Rs.2.595 crore has been provided to EllaquaiDehati Bank.

The release of GoI share of recapitalisation assistance is contingent upon proportionate release of Sponsor Bank and State Government share.

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